

DEPARTMENT OF STATE REVENUE**LETTER OF FINDINGS NUMBER: 01-0316P****Sales and Use Tax**

Calendar Years 1998, 1999, and 2000

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ISSUE(S)**I. Tax Administration – Penalty****Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer owns vending machines, video game machines, juke boxes, dart games, and pool tables. The taxpayer also owns coin changers and ticket masters that dispense charity gaming pull-tabs. In some cases the taxpayer sells the coin changers and ticket masters to exempt not-for-profit organizations and in other cases it charges a monthly fee for the machine use. The taxpayer makes retail sales to individuals and bars. The taxpayer had no exemption certificates for these sales.

Taxpayer made taxable purchases for its own use such as pool tables, video games, music CD's, and other miscellaneous items.

I. Tax Administration – Penalty**DISCUSSION**

At issue is whether the taxpayer was negligent in reporting its sales and use taxes. Taxpayer protests the penalty based upon reasonable cause, primarily, that the assessment was due to a mistake in figuring the tax due. Taxpayer states that its taxes were timely filed every month.

A review of the current audit revealed the taxpayer made no attempt to self assess use tax on clearly taxable items and had no use tax accrual system in place. The penalty is appropriate as the taxpayer made no effort to self assess use tax. In addition, taxpayer had errors in the reporting of its sales tax.

FINDING

Taxpayer's protest is denied.